



**Internal Audit Unit**

**Department of Education & Science**

**Report on Investigation of Payments and Related Issues Arising From the  
Discovery of Suspicious Home Tuition Payments Made Within  
Special Education Section Athlone**

**1<sup>st</sup> September 2006**

## TABLE OF CONTENTS

<b>SECTION 1</b>		<b>3</b>
<b>1.1</b>	<b>Background</b>	<b>3</b>
<b>1.2</b>	<b>Terms of Reference</b>	<b>3</b>
<b>1.3</b>	<b>Approach and Methodology</b>	<b>3</b>
<b>SECTION 2</b>	<b>SPECIAL EDUCATION SECTION</b>	<b>4</b>
<b>SECTION 3</b>	<b>IT UNIT/FMS HELPDESK</b>	<b>8</b>
<b>SECTION 4</b>	<b>FINANCE UNIT</b>	<b>10</b>
<b>APPENDIX I</b>	<b>REPORT ON INVESTIGATION 28 JULY 2006</b>	<b>12</b>
<b>APPENDIX II</b>	<b>TERMS OF REFERENCE</b>	<b>20</b>

## **SECTION 1**

### **1.1 BACKGROUND**

The Secretary General approved the terms of reference on 2 June 2006 for the investigation of payments and related issues arising from the discovery of suspicious home tuition grant payments made within Special Education Section. The investigation was led by the Internal Audit Unit with co-operation from other Department Sections, i.e. Special Education Section, IT Unit and Finance Unit. The investigation fieldwork in Special Education Section took place between 26 June and 7 July 2006. The investigation report issued to the Secretary General on 28 July 2006 (Appendix I).

### **1.2 TERMS OF REFERENCE**

The terms of reference for the investigation into the making of suspicious payments and related issues in Special Education Section are included at Appendix II.

This report now sets out the conclusions made by Internal Audit following the evaluation of the key internal systems and procedures in Special Education Section. The report contains recommendations to address the control weaknesses identified in these internal systems and procedures. The report addresses a number of specific issues concerning the Financial Management System (FMS) as it operates in Special Education Section. The report also addresses a number of control issues which come within the remit of the Department's IT Unit and Finance Unit and includes recommendations in relation to these matters.

### **1.3 APPROACH AND METHODOLOGY**

The objectives of Internal Audit's investigation are documented in the 28 July 2006 report (Appendix I). Internal Audit examined the relevant files in Special Education Section in accordance with the objectives. In addition, a number of meetings were held with Special Education Section, IT Unit and Finance Unit staff to discuss the various issues concerning the systems and procedures under investigation. Internal Audit has not carried out a full systems audit of Special Education Section or the operation of the FMS at this time.

**SECTION 2 – SPECIAL EDUCATION SECTION****DETAILED FINDINGS & RECOMMENDATIONS****2.1 DOCUMENTED PROCEDURES****FINDING**

Special Education Sections administers a wide range of programmes/schemes for the provision of various special education services to schools, parents and pupils. Internal Audit examined supporting documentation for some of these programmes/schemes as part of our investigation. An important internal control for any Section is the documentation of work procedures for the implementation of all programmes/schemes. While there are some written procedures in place in Special Education Section, detailed job descriptions and work procedures for staff are not documented for each grant paid by the section.

**RECOMMENDATION**

**Special Education Section should document the job descriptions and work procedures for all programmes/schemes. Such procedures should provide for the appropriate segregation of duties, internal checking arrangements, and include a checklist to be followed by staff. In addition the Finance Unit's FMS Procedures should be followed in the processing of all payments. These should be documented in the work procedures.**

**2.2 DELINEATION OF RESPONSIBILITIES****FINDING**

Responsibility for certain special education programs are assigned to individual officers in the section. However due to a heavy workload or staff shortage staff may have to assist colleagues by carrying out duties in areas to which they are not assigned. When the HEOs in the section log on to the FMS they secondary approve all payments that have been entered irrespective of whether it is their area of responsibility or not.

**RECOMMENDATION**

***In addition to documenting the job descriptions and work procedures for staff, it is important that responsibility for the administration of the different programmes/schemes and the performance of all key tasks is allocated to individual staff. These arrangements should take into consideration the appropriate segregation of duties and internal checking procedures for all administrative and financial tasks carried out in Special Education Section. Responsibilities for the administration of programmes/schemes by Special Education Section staff should be clearly defined and documented for the information of staff. HEOs should only secondary approve payments from cost centres for which they have responsibility.***

### 2.3 SEGREGATION OF DUTIES

#### FINDING

Appropriate internal controls including the segregation of duties for the processing of payments in respect of applications for home tuition hours were not in place. All suppliers to whom the suspicious payments were made were setup on the FMS by one particular EO, and all suspicious payments were entered for payment by the same EO. His duties also included the reconciliation of the monthly financial returns of expenditure for all subheads in the section.

#### RECOMMENDATION

***Arrangements for the appropriate segregation of duties for the implementation and administration of all programmes/schemes should be put in place in Special Education Section. In this context, it is crucial that no one officer has complete control over all aspects of the administrative and financial system and that staff comply with their responsibilities in such matters.***

### 2.4 SPOT CHECKS OF PAYMENTS BY HEOs

#### FINDING

In general in Special Education Section payments are entered on the FMS by a Clerical Officers. An *EO Approval hold* is then placed on the payments until the FMS entry has been checked against the supporting documentation for all payments by an Executive Officer. All such payments must then be secondary approved at HEO level before the payments are processed by Finance Unit. The supporting documentation was not checked at HEO level. This is a serious internal control weakness and is a contributory factor to the processing of the 49 suspicious payments.

#### RECOMMENDATION

***All supporting documentation should be presented to the HEO when payments are being secondary approved. The HEO should carry out a spot check of the supporting documentation on a number of payments from each batch in conjunction with the secondary approval of payments on the FMS. In the case of payments entered by an EO all payments should be fully checked by the HEO. The HEO should record evidence of these spot checks on the supporting documentation.***

### 2.5 SPOT CHECKS OF MONTHLY PROFILES BY HEOs

#### FINDING

The monthly reconciliation of all budget subheads in Special Education Section was carried out by one particular EO. The monthly profiles are signed by the HEO/AP/PO, however, spot-checks are not carried out on a sample of payments/supporting documentation by the officers in these grades for the relevant month.

#### RECOMMENDATION

**The HEO/AP should carry out spot-checks of a sample of payments/supporting documentation as part of the monthly reconciliation process.**

## 2.6 SPREADSHEET RECORD OF PAYMENTS

### FINDING

Special Education Section reconciles the monthly expenditure for each budget subhead on the basis of expenditure figures from the FMS. Staff in the section do not maintain an independent record of payments processed by them for the different schemes/programmes which are charged to the individual subheads. Such an independent record of payments processed each month facilitates the tracking of individual payments. This will also give an accurate figure for the budget expenditure by subhead and identify any discrepancies between the Sections own figures and the FMS which may arise from incorrect charging of budget subheads.

### RECOMMENDATION

**Special Education Section staff should maintain an independent record of all payments processed by them on a monthly basis to facilitate the reconciliation of budget expenditure. All payments records should be printed off on a regular basis and checked by HEO/AP as part of the monthly reconciliation process. These records should be filed and available for examination by the AP and PO.**

## 2.7 BUSINESS PLANNING

### FINDING

Special Education Section has completed the Business Planning process for 2006 setting out the strategies and related outputs for the implementation of the key Business Unit objectives in the Department's Statement of Strategy 2005 – 2007. Special Education Section also carried out a Risk Control Assessment as part of the Business Planning process. However, the Section did not identify any financial risks as part of this process.

### RECOMMENDATION

**Special Education Section should evaluate their financial risks as part of the Risk Control Assessment in future Business Planning arrangements. Special Education Section should introduce appropriate measures to mitigate any financial risks identified.**

## 2.8 FILE MANAGEMENT

### FINDING

During the investigation in Special Education Section, some supporting documentation was not available for examination. Staff of Special Education section are carrying out a search for this documentation, but as of the date of this audit report some documentation relating to audit queries have still not been recovered.

### RECOMMENDATION

**Staff in Special Education section should ensure that supporting documentation relating to payments is filed correctly.**

## 2.9 OTHER GENERAL FINDINGS

During the examination of the files in Special Education Section a number of general findings which indicate control weaknesses were identified. While such findings do not specifically relate to the fraudulent payments, we consider them crucial to the

overall control environment in Special Education section.

- If the supplier number is not known existing suppliers are difficult to find on the FMS. This leads to the supplier having to be setup again on the system; in some cases suppliers had up to 3 different supplier numbers on the FMS.
- Errors were made while entering the details of some payments on the FMS, these errors were not identified as part of the checking process in the section;
- Two payments to incorrect suppliers were identified in the investigation, these payments were not identified as part of the checking process in the section;
- In one case correction fluid was used to correct errors or to amend application forms.

#### **RECOMMENDATION**

- (a) Care should be taken to identify suppliers who already exist on the FMS, the FMS supplier number should be clearly written on the cover of the corresponding paper file;
- (b) When payments entered on the FMS are being checked by an EO or HEO all the information in relation to the payment should be thoroughly checked and any errors corrected before the hold is released on the payment.
- (c) The supplier who received the payment in error should be contacted immediately with a view to recovering the money.
- (d) Application forms should not be altered by Department staff using correction fluid. In such circumstances the forms should be signed by the officer beside the original signature.

**SECTION 3 IT UNIT/FMS HELPDESK****DETAILED FINDINGS & RECOMMENDATIONS****3.1 ACCESS TO SUPPLIER SET UP****FINDING**

The access to supplier set up facility on the FMS was restricted from 16 May 2005 and only designated staff in Sections with high volume payments, including Special Education Section, retained this facility. The FMS Helpdesk provides this service to other Sections on completion of the application form for supplier set up.

From a list supplied by the FMS Helpdesk, 6 people had access to setting up suppliers in Special Education Section. However, this facility was misused by one staff member to create false supplier records and to issue payments in respect of those suppliers.

**RECOMMENDATION**

**Internal Audit has considered the issue of allowing staff to have continued access to this facility from an internal control perspective. On balance we support centralising the setting up of all suppliers on to the FMS by the IT Unit/FMS Helpdesk. The sections which currently retain the facility to set-up suppliers should be consulted fully in considering implementation of this recommendation.**

**3.2 FMS PASSWORDS****FINDING**

An examination of the times and dates that the suspicious payments were entered and secondary approved on the FMS indicates that the EO had access to the FMS password of the HEO who secondary approved 47 of the 49 suspicious payments. 29 of the payments were approved while the HEO was absent from the office. It would therefore appear that the EO had his FMS user password and was able to log on to the FMS as the HEO and secondary approve payments. Passwords on the FMS are *static* i.e. the FMS system does not require users to periodically change their passwords, therefore the EO could have continued to use the HEO's password to secondary approve fraudulent payments for an indefinite period of time.

**RECOMMENDATION**

**The FMS system should be modified to require users to change their passwords regularly. An e-mail should issue to all FMS users on the importance of keeping passwords secure and the need for regular changing of passwords. It should also stress the importance of choosing strong passwords.**

**3.3 COMPUTER AND NETWORK USAGE POLICY****FINDING**

The Department's Computer and Network Usage Policy (Circular 6/2001) was circulated by Personnel Section for the information of staff in August 2001 and is available on the Department's Intranet. This document sets out the general principles governing the use of the Department's computer systems and equipment by staff



including the general rules and guidelines (including security matters). On the basis of the IT related issues, which were identified in this case, it is important that this policy document is reviewed and brought to the notice of Department staff. Particular emphasis should be placed on the important security issues of safeguarding passwords and for preventing access to computers which are left unattended.

#### **RECOMMENDATION**

**IT Unit should review, and if necessary, update the Department's Computer and Network Usage Policy document. This policy document should be brought to the notice of Department staff on a periodic basis.**

### **3.4 DE-ACTIVATING SUPPLIER RECORDS**

#### **FINDING**

Supplier records cannot be deleted after being set-up on the FMS; however there is a facility for de-activating supplier records. Fourteen fictitious supplier records were identified during the investigation into suspicious payments made from Special Education Section. IT Unit/FMS Helpdesk should arrange for these supplier records to be end-dated. This action may also be required for other supplier records which are dormant or were setup for the purpose of making once off payments.

#### **RECOMMENDATION**

**IT Unit/FMS Helpdesk should end-date the supplier records for the fourteen suppliers identified as part of the investigation into suspicious payments made from Special Education Section. IT Unit/FMS Helpdesk should carry out an audit of supplier records and end-date any dormant records.**

### **3.5 STORAGE AND REPORTING OF DATA CHANGES**

#### **FINDING**

Up until the 11<sup>th</sup> July the FMS only recorded the current details of the supplier record. It did not track the history of changes made to any supplier records. Therefore it was not possible to establish how many times the address data in relation to the suppliers to whom the suspicious payments were made had been changed by the EO. Also a report is not available to line managers at the time of secondary approval to identify new suppliers and suppliers whose records have been changed.

#### **RECOMMENDATION**

**It is important that staff that are secondary approving payments are aware of all changes made to suppliers' details in a batch of payments. Also in sections where staff have setup access rights, a report should be produced to identify all new suppliers setup for a period.**

**The FMS Helpdesk is currently (July 2006) finalising a report for use by Business Units in monitoring changes made to supplier records. When this report becomes available to business units procedures will have to be issued on how to use the report and subsequent training issues will have to be addressed.**

**SECTION 4 FINANCE UNIT****DETAILED FINDINGS & RECOMMENDATIONS****4.1 CONTROL PROCEDURES FOR THE AUTHORISATION OF PAYMENTS****FINDING**

Finance Unit issued Circular 6/95 in May 1995 setting out the control procedures for the authorisation of payments in Department Sections. This document has not been reviewed for some time and a number of matters affecting the issue of payments are not addressed in the document, e.g. Prompt Payment of Accounts legislation and VAT issues concerning purchases made in other EU countries. Finance Unit has more recently produced a document setting out the procedures for the authorisation of invoices on the FMS. This document sets out the various checks to be carried out before entering an invoice on the FMS and the procedures for processing the payment on the FMS. Given the serious internal control issues identified in Special Education Section and the failure to apply adequate controls for the authorisation of payments, Finance Unit should now review and update these control procedures and circulate them for the information of all staff.

**RECOMMENDATION**

**Finance Unit should review and update the Control Procedures for the Authorisation of Payments to take account of all significant legal, procedural and systems developments in relation to these matters. This policy document should be circulated for the information of all staff and brought to the notice of staff on an annual basis.**

**4.2 FMS TRAINING****FINDING**

Internal Audit did not carry out a systems audit of the FMS as part of the investigation into the suspicious payments in Special Education Section. However, on the basis of our discussions with Special Education Section staff from our findings set out in regard to the FMS in this report, there is an ongoing need for training to be provided for staff using the FMS at all levels. This is also an important issue in the context of the decentralisation programme and the consequent changes in staff.

**RECOMMENDATION**

**Finance Unit, in consultation with Staff Training Section, should arrange for an ongoing training programme to be provided for all FMS users in the Department. Training in general financial skills should also be provided.**

**4.3 PAYMENT METHOD ON FMS****FINDING**

There are three separate methods of issuing payments through the FMS, i.e. by payable order, by electronic means through the EFT or by bank draft to foreign suppliers. Internal Audit understands that payment to domestic suppliers through EFT is the most secure payment method as only the IT Unit/FMS Helpdesk can input and amend supplier details, including bank account details. Given the circumstances in which the fraudulent payments issued from Special Education Section, the issue of only making payments to domestic suppliers by EFT should be considered as an

additional security measure in the payments process, bearing in mind practical considerations for certain payments. It should also take into account any decision to centralise the arrangements for setting up all suppliers by IT Unit/FMS Helpdesk.

**RECOMMENDATION**

**Finance Unit should examine the feasibility of making payments to domestic suppliers by electronic means through EFT on the FMS.**

**4.4 DELEGATED AUTHORITY LIMITS**

**FINDING**

In general in the Department there are no designated levels as to what the maximum value of a payment staff at each grade can authorise. No two sections in the Department make the same type of payments, with some sections making a high volume of payments of a small monetary value and other sections making a small amount of payments of substantial monetary value, it would therefore be impossible to set one level of authority limits across the Department as a whole.

**RECOMMENDATION**

**As part of Finance Unit's review and update of the Control Procedures for the Authorisation of Payments they should examine the introduction of formal authority limits for the processing of payments.**

**APPENDIX I      REPORT ON INVESTIGATION OF PAYMENTS AND RELATED ISSUES  
ARISING FROM THE DISCOVERY OF SUSPICIOUS HOME TUITION  
PAYMENTS MADE WITHIN SPECIAL EDUCATION SECTION ATHLONE  
28 JULY 2006**

**1. BACKGROUND:**

On the 17<sup>th</sup> May 2006, Allied Irish Bank, Tullamore contacted the Department querying the validity of three cheques which had been presented for payment.

The Department's Finance Unit identified that the payments related to the Home Tuition Fund which is operated by our Special Education Section in Athlone. Following some initial checks, this Section became concerned that these three payments were not being made to genuine payees. Special Education Section, with assistance from IT Unit and Finance Unit, identified a list of payments (total of 49) to the value of €204,217.56, which it regarded as being suspicious payments.

The Internal Audit Unit was assigned the task of leading the investigation into the situation in accordance with specific terms of reference.

We discussed our approach to the investigation work with the relevant staff in Special Education Section. We also discussed the internal systems/procedures and general work practices in the Section which may have given rise to the issues under investigation.

Specific investigation tasks as outlined in section 4 below were completed by Internal Audit Unit. Meetings were held with relevant staff in Special Education, as well as with Human Resources, Finance Unit, IT Unit, Primary Administration and Payroll Division.

The investigation fieldwork was undertaken in Special Education Section between 26 June and 7 July 2006 by Mary Murray, John Browne, Mary Lynch and Helen Cunningham.

**2. SCALE OF SUMS INVOLVED:**

The number of payments identified as suspicious remains at 49. These payments came to a total of €204,217.56. All these payments had been sent to [REDACTED] home address (an Executive Officer in Special Education Section) or to the address of a property owned by him at the time. The first payment entered on the Department's Financial Management System - Oracle FMS - was on 10 May 2005 and the last was entered on 15 May 2006. A detailed list is attached at Appendix A.

**3. INTERNAL AUDIT INVESTIGATION PROCESS:**

Internal Audit focussed, initially, on examining the 49 suspicious payments made by Cathal Wynne. It also sought to establish if any further suspicious payments were made during the period he worked in the Special Education Section, from May 2003 to May 2006.

The Unit identified the following characteristics of the 49 suspicious payments:

- The first suspicious payment was made on 10 May 2005;
- There were 14 different suppliers/payees in the list of suspicious payments;
- All records of the 14 suppliers were created by [REDACTED];
- All of these payments were entered on the FMS by [REDACTED] and at some time changes were made to the address details in the supplier records;

- All payments were made to [REDACTED] home address or to another property which he owned at the time of the payment or to a variation of these addresses;
- All payments came from the subhead C.1.5 HOME TUITION (FMS cost centre 30601);
- All payments were made to individuals, not schools/businesses;
- All payments were made by payable order;
- A number of payments were made to the same suppliers, in some cases multiple payments were made to the same supplier;
- A number of payments were entered under the same batch;
- No supporting documentation could be found in Special Education Section for the 49 payments;
- The supplier was setup and payments were inputted and secondary approved within a very short time period on a number of the suspicious payments;
- Several payments were inputted to the FMS system early in the morning;
- A significant number of the 49 payments were inputted by [REDACTED] and then subsequently secondary approved by the HEO who was not in the office at the time.

Other characteristics of these payments brought to our notice by Special Education Section were as follows:

- Cathal Wynne did not have responsibility for inputting payments under the Home Tuition scheme;
- The majority of the suspicious payment amounts were made for the maximum amount of the grant permitted under the scheme.

#### 4. INVESTIGATION OBJECTIVES:

The objectives of the investigation were to:

- A. Examine all Home Tuition Payments made since the FMS was introduced in July 2003 and to confirm that payments were made to genuine suppliers;
- B. Examine all payments made to all suppliers who were created/set up on the FMS by [REDACTED] and to confirm that these payments were made to genuine suppliers;
- C. Examine all payments entered on the FMS by [REDACTED] and to confirm that these payments were made to genuine suppliers;
- D. Examine computer files from [REDACTED] work PC to identify if any reference was made to the 49 suspicious payments or other payments made by him.
- E. Carry out other checks, specifically to examine the FMS system for other payments made to addresses associated with [REDACTED] including Irish version of such records and to examine administrative records of relevant staff in the Special Education section.

#### 5. INVESTIGATION FINDINGS:

##### A. Home Tuition Payments

Internal Audit Unit received a spreadsheet from the FMS helpdesk which detailed all payments made since July 2003 from cost centres within the remit of Special Education Section from which it was known that [REDACTED] had been involved. We then identified the payments made to suppliers from the Home Tuition Cost Centre.

In Athlone we examined all the files available in the Section relating to children who are funded under the Home Tuition scheme. Our objective was to confirm that the payments were made to a genuine supplier in relation to a genuine child in respect of home tuition, which had been sanctioned by the Section.

Home Tuition Payments 1/7/2003 – 30/6/2006		
	Number of Payments	Suppliers
<b>Total</b>	13,438	2,742
<b>Checked by Internal Audit</b>	11,213 (83.44%)	1,813 (66.12%)

The suppliers paid from the Home Tuition cost centre included 29 suppliers whose information [REDACTED] had set up on the FMS for payment. During the course of the file examination we confirmed that 15 of them were genuine suppliers as there was a sanction letter on each file and documentation to support all the payments made to these suppliers.

There were no files for the remaining 14 suppliers which had been paid a home tuition grant; these were payments made to the following suppliers:

At the end of our file examination, there were 402 suppliers who had been paid since January 2005 which we were not in a position to physically check. Some of these files may be archived or the suppliers in question may be duplicate suppliers setup in error in relation to children whose files we already checked. However we conducted a thorough check on the details of the payments made to these suppliers, i.e. the address the payments went to and identified which staff processed the payments.

These files are not of immediate concern to us as the payments were not made by

[REDACTED] and the cheques were not sent to any of the addresses identified as suspicious. We have sent the list of unconfirmed suppliers to Special Education Section for verification that the suppliers are genuine.

**B. Payments made to all Suppliers setup on the FMS by [REDACTED]**

This aspect of the investigation involved the checking of payments made to suppliers/invoices entered on the FMS by [REDACTED] against supporting files/documentation. Such suppliers include the 14 suppliers to whom the suspicious payments were made as referred to in the previous section of the report.

The main focus of this part of the investigation was to establish the validity of payments processed by [REDACTED] for the schemes/programmes for which he was directly responsible. These included the provision of funding for assistive technology for children with special educational needs; the administration of a number of initiatives to address the needs of pupils with special needs and traveller children in the primary school and special school systems in south Dublin and Dublin 24; and administration of the visiting teacher service for travellers and for the hearing and visually impaired.

We have almost completed this aspect of the work with a small number of payments still to be reconciled to supporting documentation. We have sent some details to Special Education Section for checking.

Payments to visiting teachers, including travel and subsistence payments, are included in this block of payments. The Regional Offices Directorate which is based in Dublin took over responsibility for the Visiting Teachers for Travellers from 7 March 2005, and for the Visiting Teacher Service for the Hearing and Sensory Impaired from 1 January 2006.

Internal Audit checked that such expenses payments were only made to recognised visiting teachers. The status of some visiting teachers is being checked with Special Education Section and the Regional Offices Directorate.

We propose to carry out a sample check of payments made to both sets of Visiting Teachers prior to their transfer to the Regional Offices Directorate.

**C. Payments entered on the FMS by [REDACTED]**

We also conducted checks to establish the validity of all payments entered on the FMS by [REDACTED] in conjunction with the checks carried out under Section B above. No further suspicious payments have been identified during the course of these checks.

However, we are awaiting a response from Special Education to specific queries concerning a small number of payments.

**D. Examination of PC Files**

We examined the following files held on Department of Education & Science network:

- (a) The files held in [REDACTED]'s personal directory on the network (H:);
- (b) A folder named [REDACTED] in the Special Education shared drive on the network (J:);
- (c) [REDACTED] Personal Folder File (PST) which contained all the data stored by MS Outlook (emails, appointments and contacts data).

The following drive was also examined:

- (d) The hard drive from [REDACTED] work PC (C:)

The majority of the files on the Department's network related to [REDACTED] job

in Special Education Section. We identified references to four of the suspicious suppliers in a list of contacts in Outlook, including reference to the supplier number, but no other data was found which could be linked to the suspicious payments.

There were a number of letters held in his personal directory in relation to his personal financial situation and that of his wife.

The hard drive from [REDACTED]'s work PC was also examined. There were no personal or work related files stored on this computer. The recycle bin was empty and the temporary internet files had been cleared on 12 May 2006. It was therefore not possible to examine in detail [REDACTED] internet usage history.

The hard-drive from the PC we examined was only used by [REDACTED] since early 2006. His previous PC had been returned to Dell to have the hard-drive destroyed.

#### **E. Other Checks**

The Internal Audit Unit checked all payments made to [REDACTED]'s home address and any known previous address since the commencement of the FMS in July 2003 from cost centres within the remit of Special Education Section. The FMS Helpdesk also checked all Department subheads for payments made from the FMS to the addresses identified as suspicious. Internal Audit also did a check on the Irish versions of addresses and name and no additional payments were found.

We examined annual leave, sick leave and flexi leave records of relevant individuals in the Section. We discussed the issue of the sharing of computer system passwords with 3 supervisors on 22 June 2006. All confirmed that they did not knowingly give their passwords to [REDACTED]. However our investigations would indicate that [REDACTED] had access to the FMS password of one HEO as 29 of the 49 payments were approved while this person was absent from the office.

As [REDACTED] had been employed in the Primary Payments section of the Department from July 2000 to May 2003, staff in that section and in Payroll Section carried out checks in relation to the names and addresses as identified in the list of suspicious payments. To date this check has not brought any new suspicious payments to light.



## 6. Conclusion

Subject to any matters arising from follow-up tasks to be completed as set out in Section 5, we have completed this stage of the investigation. These tasks are:

- Check on queries sent to Special Education Section;
- Tests we propose to carry out on a sample of payments paid to Visiting Teachers before this work transferred to the Regional Offices Directorate.

We will also prepare a report on what issues led to the suspicious payment problem which will include our detailed findings and recommendations to address any control weaknesses or failures.

We would like to thank the staff of Special Education Section, IT Unit, Finance Unit, Regional Offices Directorate, Payroll Division, Primary Administration and Human Resources for their assistance and cooperation to us at all times during the course of this investigation.

-----  
Joyce Duffy  
Head of Internal Audit.  
28 JULY 2006

APPENDIX A:

SCHEDULE OF SUSPICIOUS PAYMENTS

PAYMENT NUMBER	INVOICE ENTERED DATE & TIME	SUPPLIER NAME	BATCH NAME	PAY ADDRESS	PAYMENT AMOUNT	BA
37136819	10/05/2005 10:15		EQUIPMENT C 6.2 2005		2,169.60	
37136887	12/05/2005 10:48		C6.2 EQPT		4,339.20	
37137057	17/05/2005 16:46		COMP 6-11-03		2,169.60	
37137065	19/05/2005 08:50		EQUIPMENT C 6.2 2005		3,796.80	
37137419	08/06/2005 10:59		COMP 6-11-03		3,796.80	
37137453	13/06/2005 11:58		EQPT 08-10-03		4,339.20	
37138046	28/06/2005 10:34		COMP 6-11-03		3,932.40	
37138069	04/07/2005 14:20		EQPT 08-10-03		3,851.04	
37138091	04/07/2005 14:23		EQPT 08-10-03		3,525.56	
37138446	07/07/2005 16:59		EQPT 20-10-03		4,339.20	
37139194	03/08/2005 09:16		EQPT 20-10-03		4,203.60	
37139240	03/08/2005 09:17		EQPT 20-10-03		4,339.20	
37140248	22/08/2005 09:00		EQUIPMENT GRANT 2500		4,284.96	
37140866	05/09/2005 09:39		IGDB 16-04-04		4,339.20	
37140842	05/09/2005 09:42		EQPT 20-10-03		4,312.08	
37141403	04/10/2005 11:11		IGDB 16-04-04		3,471.36	
37141530	11/10/2005 10:50		IGDB 16-04-04		4,339.20	
37141657	17/10/2005 12:14		SOUNDFIELD		4,339.20	
37141888	24/10/2005 13:54		PORTOCABIN		4,339.20	
37141970	03/11/2005 13:00		MEETING		4,339.20	
37141987	09/11/2005 12:13		IGDB 16-04-04		4,339.20	
37142269	16/11/2005 10:06		PORTOCABIN		4,312.08	
37142382	22/11/2005 10:17		GDB 16-04-04		4,312.08	
37142560	28/11/2005 09:31		EQUIPMENT GRANT 2004		4,339.20	
37142680	02/12/2005 12:59		EQPT 04		4,339.20	
37142773	08/12/2005 11:01		3OC PAYMENTS 15-12-03		4,339.20	
37143060	13/12/2005 14:44		EQUIPMENT GRANT 2500		4,339.20	

PAYMENT NUMBER	INVOICE ENTERED DATE & TIME	SUPPLIER NAME	BATCH NAME	PAY ADDRESS	PAYMENT AMOUNT	BANK
37143256	11/01/2006 10:15		EQUIPMENT GRANT 2500		4,339.20	
37143373	13/01/2006 17:43		EQUIPMENT GRANT 2500		4,339.20	
37143572	19/01/2006 10:43		IGDB 16-04-04		4,339.20	
37143830	25/01/2006 10:13		C6.4 DEC 05		4,312.08	
37144025	01/02/2006 10:06		C6.2 EQPT		4,339.20	
37144089	07/02/2006 08:31		BOC PAYMENTS 15-12-03		4,284.96	
37144445	17/02/2006 10:04		BOC PAYMENTS 15-12-03		4,312.08	
37144561	23/02/2006 10:18		C 6 10 3 (A) JAN 2006		4,339.20	
37144793	01/03/2006 10:53		EQPT 04		4,339.20	
37144834	07/03/2006 08:59		IGDB 16-04-04		4,339.20	
37144973	13/03/2006 08:16		VTT 17-10-03		4,339.20	
37145102	16/03/2006 08:46		MEETING		4,284.96	
37145506	29/03/2006 08:31		MEETING		4,312.08	
37145567	03/04/2006 07:57		PORTOCABIN		4,339.20	
37145591	05/04/2006 08:15		PORTOCABIN		4,339.20	
37145826	19/04/2006 07:59		SOUNDFIELD		4,339.20	
37145989	24/04/2006 08:34		MEETING		4,284.96	
37146189	26/04/2006 13:59		PORTOCABIN		4,339.20	
37146237	02/05/2006 08:01		VTS 04		4,257.84	
37146282	08/05/2006 07:58		SOUNDFIELD		4,339.20	
*37146401	10/05/2006 08:10		-C6.2-NOV05		4,393.44	
*37146572	15/05/2006 09:36		SOUNDFIELD		4,478.80	
					<b>€204,217.56</b>	

\*The payments to ~~XXXXXXXXXXXXXXXXXXXX~~ were cancelled with the PMG on 23 May and 19 May 2006 respectively, therefore the net loss to the Department at present is €195,345.32.